

INTRODUCTION

This Informational Guide has been prepared to assist manufacturers and distributors in clarifying California's vehicle franchise laws. It consists of frequently asked questions and answers, and sample notices. It is designed for those factory personnel within a Market Representation Department, Dealer Development Department, or Legal Department.

The laws which pertain to a manufacturer's or distributor's obligation to provide notices, schedules, and formulas mandated by the California Vehicle Code and Civil Code to the New Motor Vehicle Board ("Board") and/or impacted dealers are summarized below. For example, the proper procedure for noticing a termination of a franchise, the modification of a franchise agreement, or clearing the market for an off-site sale, are covered.

Questions concerning the procedural requirements of filing a notice, schedule, or formula, may be directed to the Board legal staff at (916) 445-2080 or nmvp@pacbell.net. The Board's web site (www.nmvp.ca.gov) contains detailed information on the Board and contains links to California law and the California Code of Regulations.

QUESTIONS AND ANSWERS

What Is the New Motor Vehicle Board?

The Board is a program within the California Department of Motor Vehicles ("DMV") with oversight provided by Business, Transportation & Housing Agency. We are a quasi-judicial administrative agency with independent authority to resolve disputes between franchised dealers and manufacturers of new vehicles (including motorcycles).

Created in 1967, the Board originally was limited to hearing appeals from final decisions of the Director of DMV which adversely affected the occupational license of vehicle dealers or manufacturers. Legislation enacted in 1973 gave the Board its present name and implemented the statutory framework which created a forum to resolve disputes in an efficient, fair, and a cost-effective manner.

In keeping with the Board's mission, the vast majority of our cases settle very early in the process. Early resolution improves relations between dealers and manufacturers, and therefore reduces the need for costly, protracted litigation in areas where the Board has developed special expertise. A small number of cases proceed to a formal hearing on the merits of the dispute.

Additionally, our Consumer Mediation Services Program attempts through informal mediation to resolve disputes between consumers and new motor vehicle dealers and/or manufacturers.

What Are the Statutorily Required Notices, Schedules, or Formulas?

The Vehicle Code and Civil Code mandate that franchisors file notices, schedules, and formulas with the Board and/or impacted dealers in the following instances:

TYPE	STATUTE	NOTICE TO BOARD	NOTICE TO DEALER
Franchise Termination	V.C. § 3060(a)	Yes	Yes
Franchise Modification*	V.C. § 3060(b)	Yes	Yes
Establishment**	V.C. § 3062(a)	Yes	Yes
Relocation**	V.C. § 3062(a)	Yes	Yes
Off-Site Sale**	V.C. § 3062(c)	Yes	Yes
Delivery and Preparation Schedule	V.C. § 3064	Yes	No
Warranty Reimbursement Schedule or Formula	V.C. § 3065	Yes	No
Factory Ownership**	V.C. § 11713.3(o)	Yes	No
Dealer Development	V.C. § 11713.3(o)	Yes	No
Motor Vehicle Warranty Adjustment Programs	Civil Code § 1795.92	Yes	Yes

* The Board and dealer are only noticed if the modification or replacement would “substantially affect the franchisee’s sales or service obligations or investment.”

** Notification is required only if there are dealers of the same line-make within the relevant market area.

If a Manufacturer or Distributor Wants to Terminate a Franchisee, What Should Be Done?

Vehicle Code § 3060(a) provides that no franchisor shall terminate or refuse to continue any existing franchise unless: (1) the franchisee and the Board have received written notice; (2) the Board finds that there is good cause for termination or refusal to continue following a hearing; and (3) the franchisor has received the written consent of the franchisee, or the appropriate period for filing a protest has lapsed.

The statute provides for either a 60-day or 15-day notice of termination. The **60-day notice of termination** shall set forth the specific grounds for termination or refusal to continue. The **15-day notice of termination** requires the specific grounds with respect to any of the following:

1. Transfer of any ownership or interest in the franchise without the consent of the franchisor, which consent shall not be unreasonably withheld.
2. Misrepresentation by the franchisee in applying for the franchise.
3. Insolvency of the franchisee, or filing of any petition by or against the franchisee under any bankruptcy or receivership law.
4. Any unfair business practice after written warning thereof.
5. Failure of the motor vehicle dealer to conduct its customary sales and service operations during its customary hours of business for seven consecutive business days, giving rise to a good faith belief on the part of the franchisor that the motor vehicle dealer is in fact going out of business, except for circumstances beyond the direct control of the motor vehicle dealer or by order of the DMV.

The statute is unambiguous concerning the format and content for the notices. The “notice to dealer” language below must be on the first page of the written notice, in at least 12-point bold type, and circumscribed by a line to segregate it from the rest of the text.

(To be inserted when a **60-day notice of termination** is given.)

<p>NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing in which you may protest the termination of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 30 calendar days after receiving this notice or within 30 days after the end of any appeal procedure provided by the franchisor or your protest right will be waived.</p>

(To be inserted when a **15-day notice of termination** is given.)

NOTICE TO DEALER: You have the right to file a protest with the **NEW MOTOR VEHICLE BOARD** in Sacramento and have a hearing in which you may protest the termination of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 10 calendar days after receiving this notice or within 10 days after the end of any appeal procedure provided by the franchisor or your protest right will be waived.

What Is a Checklist of the Steps Necessary to Issue a Notice of Termination?

Steps Necessary to Issue a Notice of Termination	Completed <input checked="" type="checkbox"/>
Determine if a 15-day or 60-day notice of termination is appropriate.	
Draft the appropriate notice of termination being mindful of the statutory language outlined above.	
Specify the grounds for termination in the notice.	
Send the notice to the dealer whose franchise is being terminated. It is prudent to send via certified mail, return receipt requested. Nothing in the statute requires this, but the statutory time to file a protest with the Board does not commence until receipt by the dealer.	
Send a copy of the notice to the Board, attention Tom Novi, Executive Director, with a cover memo indicating a contact name and phone number.	
Note: If you are unsure of the correct procedures, you may want to consult with in-house or outside legal counsel.	

After Proper Notice of Termination to the Dealer and Board, When Can the Dealership Be Terminated?

The dealership can be terminated if:

1. The franchisor has received the written consent of the franchisee; or,
2. The appropriate period for filing a protest has lapsed (10 or 30 days from the dealer's receipt of the notice depending on whether a 15-day or 60-day notice of termination); or,
3. The Board finds that there is good cause for termination or refusal to continue

following an evidentiary hearing.

If a Manufacturer or Distributor Wants to Modify a Franchise, What Should Be Done?

Vehicle Code § 3060(b) provides that no franchisor shall modify or replace a franchise with a succeeding franchise if the modification or replacement would substantially affect the franchisee's sales or service obligations or investment, unless the franchisor has first given the Board and each affected franchisee written notice thereof at least 60 days in advance of the modification or replacement.

The notice requirements are similar to those for terminations. The "notice to dealer" language below must be on the first page of the written notice, in at least 12-point bold type, and circumscribed by a line to segregate it from the rest of the text.

NOTICE TO DEALER: Your franchise agreement is being modified or replaced. If the modification or replacement will substantially affect your sales or service obligations or investment, you have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing in which you may protest the proposed modification or replacement of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 30 calendar days of your receipt of this notice or within 30 days after the end of any appeal procedure provided by the franchisor or your protest rights will be waived.

What is a Checklist of the Steps Necessary to Issue a Notice of Modification?

Steps Necessary to Issue a Notice of Modification	Completed <input checked="" type="checkbox"/>
Determine if the modification "substantially affects the dealer's sales or service obligations or investment."	
Draft the appropriate notice of modification being mindful of the statutory language outlined above.	
Send the notice to the dealers whose franchise is being modified. It is prudent to send via certified mail, return receipt requested. Nothing in the statute requires this, but the statutory time to file a protest with the Board does not commence until receipt by the dealer.	
Send a copy of the notice to the Board, attention Tom Novi, Executive Director, with a cover memo indicating a contact name	

and phone number.	
Note: If you are unsure of the correct procedures, you may want to consult with in-house or outside legal counsel.	

If a New Franchise Is to Be Established or an Existing Franchise Relocated, What Should Be Done?

Vehicle Code § 3062(a) provides that if a franchisor seeks to enter into a franchise establishing an additional **motor vehicle dealership** within a relevant market area¹ where the same line-make is then represented, or seeks to relocate an existing motor vehicle dealership, the franchisor shall, in writing, first notify the Board and each franchisee in that line-make in the relevant market area of the franchisor's intention. If a protest is not filed or has already been resolved, this process is referred to as "clearing the market."

If a franchisor seeks to enter into a franchise that authorizes a **satellite warranty facility** to be established at, or relocated to, a proposed location which is within two miles of any dealership of the same line-make, the franchisor shall first give notice in writing of the franchisor's intention to establish or relocate a satellite warranty facility at the proposed location to the Board and each franchisee operating a dealership of the same line-make within two miles of the proposed location.

The "notice to dealer" language below must be on the first page of the written notice, in at least 12-point bold type, and circumscribed by a line to segregate it from the rest of the text.

<p>NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing on your protest under the terms of the California Vehicle Code if you oppose this action. You must file your protest with the board within 20 days of your receipt of this notice, or within 20 days after the end of any appeal procedure that is provided by us to you. If within this time you file with the board a request for additional time to file a protest, the board or its secretary, upon a showing of good cause, may grant you an additional 10 days to file the protest.</p>
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¹ Vehicle Code § 507 defines relevant market area as "any area within a radius of 10 miles from the site of a potential new dealership." This has been construed as air miles ("as the crow flies").

What Are the Exceptions to Vehicle Code § 3062 Notice Requirements?

The requirements above, do not apply in the following situations:

1. The relocation of an existing dealer to any location that is ***both*** within the same city as, and is within one (1) mile from, the existing dealership location.
2. The establishment at any location that is ***both*** within the same city as, and is within one-quarter (1/4) mile from, the location of a dealership of the same line-make that has been out of operation for less than 90 days.
3. Any temporary display of vehicles at a fair, exposition, or similar exhibit and the display does not exceed 30 days. No actual sales may occur at the temporary location.
4. The reopening of a dealership that has not been in operation for less than one year.

What Is a Checklist of the Steps Necessary to Issue a Notice of Establishment or Relocation?

Steps Necessary to Issue a Notice of Establishment/Relocation	Completed <input checked="" type="checkbox"/>
Determine if an exception to the Vehicle Code § 3062 notice requirements applies.	
Draft the appropriate notice of establishment or relocation being mindful of the statutory language outlined above.	
Identify the proposed location for the establishment or relocation.	
Send the notice to all dealers of the same line-make within the relevant market area (10 mile radius). It is prudent to send via certified mail, return receipt requested. Nothing in the statute requires this, but the statutory time to file a protest with the Board does not commence until receipt by the dealer.	
Send a copy of the notice to the Board, attention Tom Novi, Executive Director, with a cover memo indicating a contact name	

and phone number.	
Note: If you are unsure of the correct procedures, you may want to consult with in-house or outside legal counsel.	

After Proper Notice of Establishment or Relocation to the Dealer(s) and Board, When Can the Franchisor Establish the Proposed Dealership or Relocate the Existing Dealership?

The proposed dealership can be established or an existing dealership relocated if:

1. The appropriate period for filing a protest has lapsed (20 days from the dealer's receipt of the notice or 30 days if an extension of time was granted by the Board); or,
1. After an evidentiary hearing before the Board, the protesting dealer is unable to prove good cause not to allow the establishment or relocation, the manufacturer or distributor may proceed with its intended action.

What Is a Notice of Off-Site Sale?

Vehicle Code § 3062(c) requires that if an "off-site sale" is intended, the franchisor must give notice to all dealers of the same line-make within the relevant market area (10 miles) of the proposed site and the Board. The impacted dealers would have a right to protest the off-site sale.

The "notice to dealer" language below must be on the first page of the written notice, in at least 12-point bold type, and circumscribed by a line to segregate it from the rest of the text.

<p>NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing on your protest under the terms of the California Vehicle Code if you oppose this action. You must file your protest with the board within 20 days of your receipt of this notice, or within 20 days after the end of any appeal procedure that is provided by us to you. If within this time you file with the board a request for additional time to file a protest, the board or its secretary, upon a showing of good cause, may grant you an additional 10 days to file the protest.</p>
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If there are no dealers of the same line-make within 10 miles of the proposed off-site sale location, then notice to the Board is not required.

What Is a Certification of Proposed Franchise (OL 124)?

When a franchisor seeks to establish or relocate a dealership or establish a temporary branch location for purposes of an off-site sale, the Department of Motor Vehicles Occupational Licensing Branch form OL 124 (Certification Proposed Franchise) must be filed with the local DMV Inspector along with the appropriate DMV application form.

The OL 124 (see sample below) requires that a manufacturer or distributor certify that notice to the Board is not required under Vehicle Code § 3062 (for example, no other franchised dealers within the same line-make within the relevant market area) or that there are franchised dealers of the same line-make within the relevant market area, but that no protests have been filed.

When Is an OL 124 Not Required?

An OL 124 is not required for a temporary display of vehicles at a fair, exposition or similar exhibit, if no actual sales are made at those events and the display does not exceed 30 days.



LICENSING OPERATIONS DIVISION

I/We

MFG/DIST NAME

DIST/MFG NO.

hereby certify that:

- ☐ Notice to the New Motor Vehicle Board not required under Section 3062 of the California Vehicle Code (for example, no other franchised dealers with the same line make within the relevant market area, etc.)
- ☐ There are franchised dealer(s) of the same line make within the relevant market area. However, I/we have complied with the provisions of 3062 of the California Vehicle Code, and no protests have been filed.

MAKE OF VEHICLE(S)

DATE THE NEW MOTOR VEHICLE BOARD AND DEALER(S) NOTIFIED

PROPOSED FRANCHISEE (NAME)

NO. AND STREET

CITY

ZIP CODE

EXECUTED ON (DATE)

AT (CITY AND STATE)

BY (AUTHORIZED SIGNATURE) (Representative, Distributor or Manufacturer)

PRINT OR TYPE NAME

RM/RD NO. OR TITLE OF OFFICER

Who Is Authorized to Sign an OL 124?

The OL 124 must be signed by a licensed representative or an officer of the manufacturer or distributor. Vehicle Code § 512 defines a representative as “any person regularly employed by a manufacturer or distributor for the purpose of negotiating or promoting the sale of the manufacturer’s or distributor’s vehicles to their franchisees or for regularly supervising or contacting franchisees or prospective franchisees” in California for any purpose. Vehicle Code § 11900 et seq., pertains to

the licensing of representatives.

For additional information concerning the DMV Occupational Licensing requirements, contact Mary Garcia, Manager, Occupational Licensing Inspections and Compliance, at (916) 657-7464.

What Are the Steps Necessary to Issue a Notice of Off-Site Sale?

Steps Necessary to Issue a Notice of Off-site Sale	Completed <input checked="" type="checkbox"/>
Determine if an exception to the Vehicle Code § 3062 notice requirements applies (e.g., temporary off-site display).	
Identify the proposed location for the off-site sale.	
Draft the appropriate notice of off-site sale being mindful of the statutory language outlined above.	
Send the notice to all dealers of the same line-make within the relevant market area (10 mile radius). It is prudent to send via certified mail, return receipt requested. Nothing in the statute requires this, but the statutory time to file a protest with the Board does not commence until receipt by the dealer.	
Send a copy of the notice to the Board, attention Tom Novi, Executive Director, with a cover memo indicating a contact name and phone number.	
Note: If you are unsure of the correct procedures, you may want to consult with in-house or outside legal counsel.	

After Proper Notice of Off-Site Sale to the Dealer(s) and Board, When Is the Market “Clear” for Purposes of Proceeding with the Off-site Sale?

The proposed off-site sale can go forward and an OL 124 filed with DMV if the appropriate period for filing a protest has lapsed (20 days from the dealer’s receipt of the notice). The filing of a protest of a proposed off-site sale results in the sale not going forward.

Is a Franchisor Required to File a Copy of the OL 124 with the Board as Well as DMV?

A franchisor is not required to file a copy of the OL 124 with the Board. However, if it is filed, as a courtesy, it will be reviewed for completeness. Please ensure that the appropriate box on the OL 124 form is checked, i.e., notice to the Board not required or

there are franchised dealers of the same line-make within the relevant market area but no protests have been filed.

What Steps Can Be Taken If There Is Not Enough Time to “Clear the Market?”

The statutorily required notice should be sent to the impacted dealers with sufficient time to “clear the market.” Generally, this is not a problem when a franchisor clears the market for an establishment or relocation of a dealership. However, for an off-site sale, the impacted dealers have 20 days to file a protest and may request a 10-day extension upon a showing of good cause. In the event a dealer requests permission to participate in an off-site sale and there is not sufficient time to clear the market, all impacted dealers, i.e., those of the same line-make within the relevant market area, may file a protest with the Board and simultaneously file a request for dismissal of the protest. Unless a request for a fee waiver is received and approved, a \$200.00 filing fee is required. Detailed information concerning this can be obtained from the Board legal staff at (916) 445-2080.

Can an Impacted Dealer Waive its Protest Rights?

The Board occasionally receives a statutorily required notice with a written release signed by an impacted dealer indicating that it will not protest the franchisor’s intended action. It is a violation of the Vehicle Code for the manufacturer or distributor to “require a dealer to prospectively assent to a release, . . . waiver . . . which would relieve any person from liability to be imposed by this article . . .” [Vehicle Code section 11713.3(g)]. Even if a potential protesting dealer signs a release after proper notice, it may still file a protest if the statutory time period has not lapsed.

What Types of Information Doesn’t the Board Require?

There are a number of manufacturers and distributors that submit OL 124 forms and correspondence to the Board that is not necessary. The Board does not need to be informed if a dealer does any of the following:

1. Changes name of dealership, dba, or corporation;
2. Changes the ownership structure;
3. Voluntarily terminates;
4. Transfers its ownership interest to another entity;
5. Relocates to another location if no other dealers of the same line-make are within the relevant market area;
6. Is established as a new franchisee if no other dealers of the same line-make are within the relevant market area;
7. Participates in an off-site sale of used vehicles;
8. Participates in an off-site display of vehicles for less than 30 days;
9. Participates in an off-site sale of new vehicles and no other dealers of the same line-make are within the relevant market area.

However, the DMV Inspectors will require this information. If you are not sure, contact your local Inspector for guidance.

What Is the Impact of a Faulty or Defective Notice?

Providing a timely and accurate notice enables a manufacturer or distributor the ability to quickly finalize its intended action, i.e., termination, modification, establishment, and so on. In the event a notice does not comply with the statute, the Board legal staff may contact the franchisor and offer suggestions to correct the notice. However, the faulty notice may delay the proposed action.

The purpose of a notice is to start the statutory time period in which an aggrieved dealer has to protest its franchisor's intended action. When the notice is not in compliance, the time to file the protest does not commence.² The First Appellate District Court (*British Motor Car Distributors, Ltd., d/b/a Maserati Import Company vs. New Motor Vehicle Board; British Motors of Monterey, Inc., Real Party in Interest* (1987) 239 Cal.Rptr. 280, 286-287) held that the limitations period of Vehicle Code section 3060 is expressly dependent upon the franchisor first complying with the notice provisions and any other interpretation would reward franchisors who send out defective notices. Even if a manufacturer or distributor never provides notice to the Board or franchisee, the lack of notice does not prevent the Board from exercising its powers to resolve disputes between franchisees and franchisors.

What Is a Delivery and Preparation Obligations Schedule of Compensation?

Manufacturers and distributors typically reimburse their dealers for preparing the new vehicles for delivery to purchasers. Vehicle Code § 3064 provides that every franchisor **shall** file a copy of the delivery and preparation obligations, as well as, a schedule of compensation to be paid franchisees for the work and services they are required to perform in connection with the delivery and preparation obligations, with the Board.

The statute does not specify when or how often the schedule of compensation should be filed. The Board would recommend that a current copy always be on file. Every few years the Board staff reminds the industry of this obligation. Please keep in mind that the documents provided by franchisors are public information and subject to disclosure.

² If a dealer waits an unreasonable period of time to file a protest when it was put on notice, even though the notice did not comply, an Administrative Law Judge may take equitable defenses into consideration when faced with a motion to reject a protest for timeliness. This would be a factual determination made by an Administrative Law Judge and would be outside the purview of information provided by the Board legal staff.

What Is a Warranty Reimbursement Schedule or Formula?

Manufacturers and distributors typically reimburse dealers for warranty repairs at a preestablished rate. Vehicle Code § 3065 provides that every franchisor ***shall*** file a copy of its warranty reimbursement schedule or formula with the Board.

The statute does not specify when or how often the warranty reimbursement schedule or formula should be filed. The Board would recommend that a current copy always be on file. Every few years the Board staff reminds the industry of this obligation. Please keep in mind that the documents provided by franchisors are public information and subject to disclosure.

What Notices Are Required with Respect to Factory Ownership or Operation of a Dealership Within 10-Miles of an Independent, Franchised Dealer?

Effective January 1, 2001, California Vehicle Code § 11713.3(o) was amended to further clarify the limited circumstances in which a manufacturer or distributor may operate or control a dealership within ten miles of an independent, franchised dealer. Specifically, a manufacturer or distributor is not deemed to be competing with an independent, franchised dealer when: (1) owning or operating a dealership for a temporary period, not to exceed one year [Part A]; and, (2) owning an interest in a dealer as part of a bona fide dealer development program that satisfies certain requirements [Part B]. There are several instances in which a manufacturer or distributor may be required to file a statutory notice with the Board.

Under Part A every manufacturer, branch, and distributor that temporarily owns or operates a dealership is required to give written notice to the Board, ***within 10 days***, each time it commences or terminates operation of a dealership ***and*** each time it acquires or divests itself of an ownership interest.

The Board is in the process of promulgating rulemaking (Section 565 of Title 13 of the California Code of Regulations) which establishes a time-frame and procedure for filing a request for an extension of the one-year time period in Part A. Until the rulemaking process is completed, each request for an extension of time will be considered by the Board at a noticed meeting. Board meetings are scheduled approximately every other month. Please allow sufficient time for Board member consideration when submitting requests.

What Notices Are Required with Respect to Factory Ownership of a Dealership as Part of a Dealer Development Program?

Under Part B of Vehicle Code § 11713.3(o) (see discussion above), every manufacturer, branch, and distributor that owns an interest in a dealer as part of a bona fide dealer development program is required to give written notice to the Board, ***annually***, of the name and location of each dealer in which it has an ownership interest.

The statute does not specify when the annual notice should be sent to the Board. Every January, the Board staff will continue to remind the industry of this obligation.

What Is a Motor Vehicle Warranty Adjustment Program?

Manufacturers and distributors occasionally establish a motor vehicle warranty adjustment program (“hidden warranties”). Civil Code § 1795.92 provides that “a manufacturer ***shall***, within 90 days of the adoption of an adjustment program³, subject to priority for safety or emission-related recalls, notify by first-class mail all owners or lessees of motor vehicles eligible under the program of the condition giving rise to and the principal terms and conditions of the program.” Copies of all notices mailed shall be sent to the Board.

What Is the Consequence of Failing to File or to Timely File a Statutorily Required Notice, Schedule, or Formula?

Under Vehicle Code § 3050(c)(3) the Board has the power to “order the department to exercise any and all authority or power that the department may have with respect to the issuance, renewal, refusal to renew, suspension, or revocation of the license of any new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative as that license is required under Chapter 4 (commencing with Section 11700) of Division 5.” However, it is unlikely that the Board would exercise its power in this regard unless a manufacturer or distributor refused to comply with the statutory requirements.

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³ Civil Code § 1795.90 defines ‘adjustment program’ as “any program or policy that expands or extends the consumer’s warranty beyond its stated limit or under which a manufacturer offers to pay for all or any part of the cost of repairing, or to reimburse consumers for all or any part of the cost of repairing, any condition that may substantially affect vehicle durability, reliability, or performance, other than service provided under a safety or emission-related recall campaign. ‘Adjustment program’ does not include ad hoc adjustments made by a manufacturer on a case-by-case basis.”

Sample 15-Day Termination Notice

Date

Name of Manufacturer/Distributor
Address

Name of Impacted Dealer
Address

Re: 15-Day Notice of Termination (California Vehicle Code § 3060(a))

NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing in which you may protest the termination of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 10 calendar days after receiving this notice or within 10 days after the end of any appeal procedure provided by the franchisor or your protest right will be waived.

Dear _____:

Identify the specific reasons for seeking termination of the franchise set forth in California Vehicle Code section 3060(a)(B).

Sincerely,

Manufacturer/ Distributor

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Sample Modification Notice

Date

Name of Manufacturer/Distributor
Address

Name of Impacted Dealer
Address

Re: 60-Day Notice of Modification (California Vehicle Code § 3060(b))

NOTICE TO DEALER: Your franchise agreement is being modified or replaced. If the modification or replacement will substantially affect your sales or service obligations or investment, you have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing in which you may protest the proposed modification or replacement of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 30 calendar days of your receipt of this notice or within 30 days after the end of any appeal procedure provided by the franchisor or your protest rights will be waived.

Dear _____:

Detail information pertaining to the proposed modification or replacement of the franchise agreement.

Sincerely,

Manufacturer/ Distributor

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Sample Establishment or Relocation Notice

Date

Name of Manufacturer/Distributor
Address

Name of Impacted Dealer
Address

Re: Notice of Establishment or Relocation (California Vehicle Code § 3062(a))

NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing on your protest under the terms of the California Vehicle Code if you oppose this action. You must file your protest with the board within 20 days of your receipt of this notice, or within 20 days after the end of any appeal procedure that is provided by us to you. If within this time you file with the board a request for additional time to file a protest, the board or its secretary, upon a showing of good cause, may grant you an additional 10 days to file the protest.

Dear _____:

Designate the location of the site for the proposed establishment of a new dealership or satellite warranty facility, or relocation of an existing dealership or satellite warranty facility, that is within the relevant market area of the impacted dealer(s).

Sincerely,

Manufacturer/ Distributor

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Sample 60-Day Termination Notice

Date

Name of Manufacturer/Distributor
Address

Name of Impacted Dealer
Address

Re: 60-Day Notice of Termination (California Vehicle Code § 3060(a))

NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing in which you may protest the termination of your franchise under provisions of the California Vehicle Code. You must file your protest with the board within 30 calendar days after receiving this notice or within 30 days after the end of any appeal procedure provided by the franchisor or your protest right will be waived.

Dear _____:

Identify the reasons for seeking termination of the franchise.

Sincerely,

Manufacturer/ Distributor

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Sample Off-Site Sale Notice

Date

Name of Manufacturer/Distributor
Address

Name of Impacted Dealer
Address

Re: Notice of Off-Site Sale (California Vehicle Code § 3062(c))

NOTICE TO DEALER: You have the right to file a protest with the NEW MOTOR VEHICLE BOARD in Sacramento and have a hearing on your protest under the terms of the California Vehicle Code if you oppose this action. You must file your protest with the board within 20 days of your receipt of this notice, or within 20 days after the end of any appeal procedure that is provided by us to you. If within this time you file with the board a request for additional time to file a protest, the board or its secretary, upon a showing of good cause, may grant you an additional 10 days to file the protest.

Dear _____:

Detail information pertaining to the proposed off-site sale within the impacted dealer's relevant market area.

Sincerely,

Manufacturer/ Distributor

LEGAL DISCLAIMER

The purpose of this Informational Guide is to familiarize the industry with the statutorily required notices, schedules, and formulas mandated by the California Vehicle Code and Civil Code. The information contained herein is intended to be informative and not advisory, limited in scope, and not intended as a substitute for careful reading of the specific statutes and regulations that may apply to a specific situation.